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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
:
RANDALL'S ISLAND FAMILY GOLF : Case Nos. 00 B 41065 (SMB)
CENTERS, INC., et al., : through 00 B 41196 (SMB)
:
Debtors. : (Jointly Administered)
:
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STIPULATION AND ORDER RESPECTING THE
ASSUMPTION AND ASSIGNMENT OF GROUND
LEASE AND OPTION DATED MAY 15, 1997 BY
AND BETWEEN GOLF REAL ESTATE, INC. AND
EAGLE QUEST GOLF CENTERS (TEXAS), INC.

WHEREAS, on May 4, 2000 (the "Filing Date"), each of
the above-captioned debtors and debtors-in-possession
(collectively, the "Debtors") filed with this Court a voluntary
petition for relief under chapter 11 of the Bankruptcy Code.
By order of this Court dated as of the Filing Date, the
Debtors' chapter 11 cases are being jointly administered.
Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the
Debtors are continuing to operate their businesses and manage
their properties as debtors-in-possession;

WHEREAS, on or about May 15, 1997, Golf Real Estate, Inc. ("GRE"), as landlord, and Eagle Quest Golf Centers (Texas), Inc., one of the above-captioned debtors and debtors-in-possession ("Eagle Quest"), as tenant, entered into a lease (the "Lease") with respect to certain non-residential real property located in Kingwood, Texas (the "Leased Property");

WHEREAS, on July 19, 2000, the Debtors filed a motion seeking, among other relief, an order authorizing and approving the assumption, sale and assignment of the Lease (the "Sale Motion");

WHEREAS, on July 28, 2000, GRE and Golf Operations, Inc. ("GOI" and together with GRE, "Golf") filed an objection to the Sale Motion (the "Objection");

WHEREAS, on August 1, 2000, the Debtors and Klak Golf, LLC ("Klak Golf") entered into a Sale Agreement (the "Sale Agreement"), which, among other things, provided to Klak Golf the right to designate the assignee of the Lease (the "Designation Right");

WHEREAS, on July 31 and August 14, 2000, hearings were held to consider approval of the Sale Motion, and on September 7, 2000, the Court entered an order approving the Sale Agreement;

WHEREAS, Klak Golf having exercised the Designation Right in accordance with the Sale Agreement and designated the Lease to be assumed and assigned to Klak Golf Prime, LP (the "Assignee" and together with Klak Golf, "Klak"), a wholly-owned entity of Klak Golf;

WHEREAS, on October 12, 2000, Golf filed an amendment to the Objection; and

WHEREAS, the Debtors, Golf and Klak have agreed to settle the issues relating to the sale and assignment of the Lease, including with respect to curing defaults and adequate assurances of future performance, upon the terms set forth herein.

Accordingly, it is hereby stipulated and ordered that:

1. The Debtors are authorized to assume the Lease and assign the Lease to the Assignee.

2. Golf agrees to withdraw the Objection and consent to the assumption of the Lease by Eagle Quest and assignment of the Lease to the Assignee.

3. Golf agrees that the Assignee has provided adequate assurance of future performance under the Lease in accordance with section 365(b)(1) and 365(f)(2)(B) of the Bankruptcy Code.

4. In satisfaction of any and all claims which Golf may have, or hereafter have, against the Debtors and/or its affiliates, whether arising under the Lease or otherwise, the Debtors agree to pay within five (5) business days of this Stipulated Order having been entered and become a final order:

A. \$137,500 to Golf; and

B. all obligations relating to real property taxes and maintenance fees arising under the

Lease accrued on or before October 5, 2000,
including:

- (i) all real property taxes due and payable to the City of Houston (collected by Harris County Tax Assessor-Collector) for 1999, plus applicable penalties and interest;
- (ii) all real property taxes due and payable to the City of Houston (collected by Harris County Tax Assessor-Collector) due and payable for 2000, prorated through October 5, 2000;
- (iii) all real property taxes due and payable to Montgomery County, Texas, New Caney Independent School District, North Harris Montgomery County College, Emergency Service District, and Montgomery County Hospital District (collected by Montgomery County, Texas Tax Assessor-Collector) due and payable for 1999, if any, plus applicable penalties and interest;
- (iv) all real property taxes due and payable to Montgomery County, Texas, New Caney Independent School District, North Harris Montgomery County

- College, Emergency Service District,
and Montgomery County Hospital
District (collected by Montgomery
County, Texas Tax Assessor-Collector)
due and payable for 2000, prorated
through October 5, 2000; and
- (v) the maintenance fee due and payable to
Kingwood Place West Community
Association for 1999, plus applicable
penalties and interest.

5. In connection with the assignment of the Lease
to the Assignee, Klak agrees to pay:

- A. all obligations relating to real property
taxes and maintenance fees arising under the
Lease accrued on or after October 6, 2000 as
they become due and payable under the Lease;
and
- B. all future contingent payments referenced in
the Lease.

6. Upon payment of the amounts specified in
paragraph 4 above, Golf waives and releases any and all claims
they have, or in the future may have, against the Debtors
and/or its affiliates.

7. No provision in this Stipulated Order shall
alter or limit in any manner the obligations of Klak or the
Debtors arising under the Sale Agreement.

8. Upon entry of this Stipulated Order, the Debtors are authorized to pay the amounts specified in paragraph 4 above from the proceeds of the Sale Agreement.

9. The Bankruptcy Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulated Order.

10. This Stipulated Order may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

11. This Stipulated Order may not be amended or modified except by further order of this Court.

Dated: New York, New York
December 21, 2000

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By: /s/ Richard Chesley
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SO ORDERED

this 19th day of **January, 2001**

/s/ STUART M.BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

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